

MINUTES

MONTANA SENATE 56th LEGISLATURE - REGULAR SESSION

COMMITTEE ON EDUCATION AND CULTURAL RESOURCES

Call to Order: By **CHAIRMAN DARYL TOEWS**, on January 13, 1999 at 3:00 P.M., in Room 402 Capitol.

ROLL CALL

Members Present:

Sen. Daryl Toews, Chairman (R)
Sen. Bill Glaser, Vice Chairman (R)
Sen. Jon Ellingson (D)
Sen. Alvin Ellis (R)
Sen. John Hertel (R)
Sen. Bob Keenan (R)
Sen. Mike Sprague (R)
Sen. Mignon Waterman (D)
Sen. Jack Wells (R)

Members Excused: Sen. Debbie Shea (D)
Sen. Spook Stang (D)

Members Absent: None.

Staff Present: Eddye McClure, Legislative Branch
Janice Soft, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: SB 2, 1/5/99; SB 104, 1/5/99
Executive Action: SB 2, DO PASS; SB 56, DO PASS
SB 79, DO PASS AS AMENDED;
SB 80, DO PASS AS AMENDED

HEARING ON SB 2

Sponsor: SEN. DARYL TOEWS, SD 48, Lustre

Proponents: None

Opponents: None

(SEN. DARYL TOEWS relinquished the chair to SEN. BILL GLASER while he presented SB 2.)

Opening Statement By Sponsor:

SEN. DARYL TOEWS, SD 48, Lustre, said SB 2 dealt with the Joint Committee on Postsecondary Education Policy and Budget which met during the interim -- the Committee was comprised of people from the Board of Regents, legislators and a student from one of the schools of the University System. He said the Committee's purpose was to force a dialogue between the Regents and legislature and the experience had been very positive. The pay for the Committee members was approximately \$50 per day but only \$25 per day was allotted for the student who served. He said the purpose of SB 2 was to allow the student to get the same daily rate as the other Committee members, other than the legislators. He stated the impact of the fiscal note would be about \$200 per biennium.

Proponents: None

Opponents: None

Questions from Committee Members and Responses:

SEN. MIKE SPRAGUE asked if the approximately \$50 per day for the other Committee members was normal. SEN. TOEWS said he thought the pay was about the same as legislators' daily rate; at this time he wasn't sure but he would have the answer when the bill got to the floor. He also explained he had a proponent who had the answers but at the last minute he had to be somewhere else.

SEN. JOHN HERTEL asked where and how often the Committee met and SEN. TOEWS said it was about four (4) times during the biennium in Helena.

SEN. ALVIN ELLIS asked Dr. Dick Crofts his opinion on SB 2 and also what the daily rate of pay was for the Committee members, other than legislative members. Dr. Crofts said they supported the bill and the increase in compensation for the student member. The Committee had been so effective and important because of the ability to dialogue among the three (3) groups. He said members

of the Board of Regents were paid \$50 per day, which was the request for the student member.

SEN. SPRAGUE asked about the qualifications of the student when making the student selection, whether he or she was traditional, non-traditional, full-time, part-time, etc. **Dr. Crofts** said they didn't choose the student; rather, he or she was chosen by the Governor's Office and there were no specified limiting criteria.

Closing By Sponsor:

SEN. TOEWS apologized for not reading the bill more carefully because the answer to the daily rate question was there -- \$50 per day. He reiterated **SB 2** was a matter of fairness and he urged its passing.

(**SEN. BILL GLASER** returned the chair to **SEN. DARYL TOEWS** for the remainder of the Committee meeting.)

{Tape : 1; Side : A; Approx. Time Counter : 6.3}

HEARING ON SB 104

Sponsor: **SEN. TOM BECK, SD 28, Deer Lodge**

Proponents: **Kathy Fabiano, Office of Public Instruction**
Lynda Brannon, Montana Association of School
Business Officials
Tom Lockyear, Superintendent, East Helena Schools
Loran Frazier, Montana Rural Education Association &
School Administrators of Montana
Phil Campbell, Montana Education Association

Opponents: **None**

Opening Statement By Sponsor:

SEN. TOM BECK, SD 28, Deer Lodge, said **SB 104** dealt with the adjustment of basic entitlement because of enrollment increases in school districts. He said currently, the ANB could not be adjusted until there was a 6% increase in enrollment -- not as devastating for small districts as for larger ones. **SEN. BECK** said it seemed much more realistic to bring the figure down to 4%, which would greatly help the larger school districts.

Proponents:

Kathy Fabiano, Office of Public Instruction (OPI), said the enrollment counts for the purposes of establishing a district's budget and calculating the amount of direct state aid a district receives, were taken in October and February of the previous fiscal year. Therefore, if a district experienced an enrollment increase after those dates, currently they could apply to OPI's office for additional state aid only if the increase exceeded 6%. She explained if the increase was anticipated before the district adopted its budget for the next year, it could build the additional students into its budget, but only the students who exceeded the 6% threshold; OPI then checked the following October to ensure the students were actually there. She commented this past year only two districts anticipated an increase of more than 6%. **Ms. Fabiano** stated if the increase wasn't known at the time the budget was adopted, and if the increase exceeded 6% at the October count, the district could adopt a budget amendment for the additional costs associated with the increase and apply to OPI for additional state aid -- last year 33 districts did that. She summarized by saying in either case (anticipated or unanticipated) the district did not receive state aid for the first 6%; however, **SB 104** lowered that amount down to 4%. She said while 255 Montana school districts had decreasing enrollments, 175 districts' enrollment increased. She reminded the Committee when the criteria was a percentage, smaller districts weren't impacted as much as the larger ones; therefore, without additional state aid for the larger districts, the increased costs would have to be paid from the district's reserves. She said she understood the fiscal note was not yet out but she estimated the impact would be approximately \$126,000 from the General Fund.

Lynda Brannon, Montana Association of School Business Officials (MASBO) said they supported the bill and would support it even if the percentage were lower.

Tom Lockyear, Superintendent, East Helena Schools, said his district was one that was growing; this past year the growth was 5.4%, or two (2) additional staff members. He stated their decision was to hire what they could and take the dings from OPI for the rest. He expressed support for **SB 104**.

{Tape : 1; Side : A; Approx. Time Counter : 10.3}

Loran Frazier, Montana Rural Education Association (MREA) and School Administrators of Montana (SAM), submitted written testimony **EXHIBIT(eds09a01)** on behalf of Don Waldron of MREA who could not attend, and said they stood in support of **SB 104**,

explaining it was not a big, big hit to the General Fund but put everything more on line with the way present school budgets could increase by 4%. He said they would appreciate the Committee's support.

Phil Campbell, Montana Education Association (MEA) and Montana Federation of Teachers (MFT), said both organizations supported the bill.

Questions from Committee Members and Responses: None.

Closing by Sponsor:

SEN. BECK said he thought **SB 104** was a good bill and asked for a DO PASS.

{Tape : 1; Side : A; Approx. Time Counter : 12.2}

EXECUTIVE ACTION ON SB 2

Motion/Vote: SEN. BILL GLASER MOVED DO PASS ON SB 2. MOTION CARRIED UNANIMOUSLY 9-0.

EXECUTIVE ACTION ON SB 56, SB 79, SB 80

Eddye McClure mentioned Amendments SB007901.aem **EXHIBIT (eds09a03)** and Amendments SB008001.aem **EXHIBIT (eds09a04)** and then referred to bills **SB 56, SB 79** and **SB 80**. She said the reason for **SB 56** was to deal with the issue of CI-75 being declared valid in its strictest form. The bill's existence related to the 6-mill levy not being a new tax, but a renewal of an existing one which would require a 3/4 of each house instead of back to a vote of the people. She summarized by saying the bill would require a 3/4 vote of each House, be retroactive to the beginning of the tax year and would terminate in 2001. She referred to **EXHIBIT (eds09a02)** and pointed out 15-10-105 and 15-10-106 had terminated and if CI-75 was not an issue, this bill would ask for the renewal of the 6-mill levy for 10 years, i.e. expiration date January 1, 2009.

She further explained it was necessary to consider **SB 79** and **SB 80** together because all contingencies had to be included, since at this time the outcome to the challenge of the legality of CI-75 was unknown. She said **SB 79** contained the following

scenarios: (1) The 3/4 majority vote of each House, assuming there would be no challenge to CI-75, and would be effective upon passage and approval, retroactive to the beginning of the tax year and termination would be 2001; (2) If the Supreme Court struck down CI-75 in its entirety, it would be effective the day of the court decision, would be retroactive to the beginning of the tax year and would terminate in 2009; (3) The question of what would happen if the decision pertaining to the challenge of CI-75 would not happen until after this tax year; however, they decided they would deal with it if and when it happened; (4) Referendum 113 and a broad interpretation of CI-75 could live together. The Board of Regents wanted to be assured if CI-75 stood, the spirit of the law was met and it would not be necessary for the 3/4 vote of the Legislature.

Her next reference was **SB 80**, which she said was the tax portion pulled out of **SB 79**. This was necessary because if the challenge was unsuccessful, and the 3/4 vote in the Legislature failed, another election would be held in June (possibly) in order to get the 6-mill levy for the University System.

Ms. McClure reminded the Committee as these bills came before them, the ballot language might seem a little odd but it had to remain.

She said Amendments SB008001.aem put in a retroactive applicability on **SB 80**. If the ruling declared a second vote wasn't needed, **SB 80** would not be necessary.

Discussion:

SEN. TOEWS commented they could all live together and **Eddye McClure** said they would be monitoring them -- if some of the contingencies have them, i.e. if the ruling would say a 3/4 vote wasn't needed and CI-75 went down, **SB 56** could be worked with and the bill would look like any other 6-mill levy that ever was done.

{Tape : 1; Side : A; Approx. Time Counter : 23.5}

SEN. MIGNON WATERMAN asked for clarification of her understanding all three (3) bills would have to keep moving through the system because if not, in the end the problem might not be solved.

Eddye McClure repeated if **SB 79** moved, **SB 80** had to move with it.

SEN. TOEWS commented a fiscal note would be coming which would say the 6 mills would amount to \$14 million one year and \$15 million the second year, and the cost of an election would be around \$28,000.

SEN. WATERMAN suggested every election would not cost \$28,000 because some elections would be held simultaneously, which would decrease the cost of each individual election.

Eddye McClure said the bills covered CI-75, whether it was declared valid or invalid, strictly construed or broadly construed.

SEN. CHUCK SWYSGOOD commented the \$28,000 cost for each election was based on only one (1) issue on the ballot to be voted on.

Motion/Vote: SEN. MIGNON WATERMAN moved SB 56 DO PASS. Motion carried unanimously 9-0.

Motion/Vote: SEN. BOB KEENAN moved AMENDMENTS SB007901.aem DO PASS. Motion carried unanimously 9-0.

Motion/Vote: SEN. BOB KEENAN moved SB 79 DO PASS AS AMENDED. Motion carried unanimously 9-0.

Motion/Vote: SEN. JOHN HERTEL moved AMENDMENTS SB00800.aem DO PASS. Motion carried unanimously 9-0.

Motion/Vote: SEN. ALVIN ELLIS moved SB 80 AS AMENDED DO PASS. Motion carried unanimously 9-0.

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ADJOURNMENT

Adjournment: 3:35 P.M.

SEN. DARYL TOEWS, Chairman

JANICE SOFT, Secretary

DT/JS

EXHIBIT (eds09aad)